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REPORT

TO THE

COMMITTEE ON THE BUDGET

FROM THE

COMMITTEE ON VETERANS' AFFAIRS

SUBMITTED PURSUANT TO SECTION 301 OF THE CONGRESSIONAL BUDGET ACT OF 1974

ON THE

BUDGET PROPOSED FOR FISCAL YEAR 1989

MARCH 10, 1988.—Printed for the use of the Committee on Veterans' Affairs of the House of Representatives

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March 10, 1988

Honorable William H. Gray III
Chairman
Committee on the Budget
U. S. House of Representatives
Washington, D. C. 20515

Dear Mr. Chairman:

Enclosed are the recommendations of the Committee on Veterans' Affairs on budget levels for veterans benefits and services for fiscal year 1989.

For the Veterans Benefits and Services Account (function 700), we are recommending an increase of $260 million in budget authority and $234 million in outlays over the Congressional Budget Office (CBO) baseline. If adopted, this essentially will provide the VA with a current services budget for the coming fiscal year.

The CBO current services baseline for function 700 is $29.1 billion in budget authority and $28.6 in outlays. This amount includes $330 million more than the Administration recommended for veterans medical care.

In addition, we recommend the following:

1. We are proposing to add $75 million in budget authority and $50 million in outlays for AIDS research, education and counseling and for the treatment of AIDS patients. These funds would be transferred from health function 550. This would not add to the deficit. There are no additional funds in the VA budget for the care and treatment of AIDS patients even though the VA is taking care of about 2,000 patients and the number is increasing about 200 per month.

2. We are proposing to increase the budget by $15 million in budget authority and outlays for the care of homeless veterans.

3. We are proposing to add $32 million in budget authority and $10 million in outlays for construction of three

additional nursing homes (Mountain Home, Tennessee; Wilkes-Barre, Pennsylvania and Gainesville, Florida) and design funds for the clinical addition and Spinal Cord Injury unit in Dallas.

4. We are proposing to add $82 million in budget authority and $45 million in outlays to enhance the GI Bill, both for the active duty and the reserves and National Guard. Only $4 million would be added to the VA budget (function 700). The remaining $78 million in budget authority and $41 million in outlays would be added to the Department of Defense budget (function 050).

5. We are proposing to add $60 million in budget authority and $50 million in outlays to fund the Veterans' Job Training Program.

6. We are proposing to add $35 million in budget authority and outlays for life-saving medical equipment.

7. We are proposing $8 million in budget authority and outlays above the CBO baseline to restore the proposed personnel reductions in the Department of Veterans Benefits (DVB) and add approximately 500 FTEE to the 1988 employee levels. Staffing for DVB would total 13,300 FTEE, about 1,000 higher than the Administration's request for fiscal year 1989.

8. We are proposing to add $45 million in budget authority and outlays for full funding of compensation and survivor benefits for veterans exposed to radiation. H. R. 1811 as passed by the House and S. 9 as passed by the Senate last year both contain radiation provisions. These bills are in conference and agreement has not been reached as yet on these provisions. The effective date of a radiation provision would be May 1, 1988.

Finally, the Committee will not favorably consider the Administration's Credit Reform proposal for VA's Home Loan Program. When the VA was asked questions about the proposed legislation during budget hearings last week, the agency responded as follows:

> "The Veterans Administration has not been provided with the Office of Management and Budget's Credit Reform legislative proposal."

Since the VA is unaware of the scope of the proposal and the impact it would have on veterans' programs, we urge that it be rejected by the Committee on the Budget.

Hon. William H. Gray III/3 March 10, 1988

The recommendations we are proposing were unanimously adopted during our Committee meeting earlier today, and we urge the Committee on the Budget to report the level of funding we are requesting in your First Concurrent Budget Resolution. If these recommendations are accepted, the Department of Medicine and Surgery could employ 197,000 employees during fiscal year 1989, while DVB could employ 13,300 during the same period. We believe that these are minimal levels to achieve satisfactory levels of service. We believe the level of funding we are recommending would receive overwhelming support in the House.

Sincerely,

Sonny

G. V. (SONNY) MONTGOMERY
Chairman

GERALD B. H. SOLOMON
Ranking Minority Member

GVM:cls

Enclosure

ANALYSIS OF PRESIDENT'S BUDGET REQUEST AND COMMITTEE RECOMMENDATIONS

Benefits and General Operating Expenses

INCOME SECURITY FOR VETERANS

Compensation.—In fiscal year 1989, it is estimated by the Administration that 2.20 million veterans with service-connected disabilities will receive monthly compensation under existing legislation, totaling $8.6 billion. Approximately 323,000 survivors of veterans whose deaths were service-connected or related to service-connected disabilities will receive an additional $2.2 billion. The total compensation requirement is $10.75 billion.

For fiscal year 1989, legislation is proposed by the Administration for a 4.2 percent indexed cost-of-living increase in compensation payments, effective December 1, 1988, at a cost of $361 million. This would bring the total compensation payments for fiscal year 1989 to $11.11 billion. The Administration proposed indexing of compensation and dependency and indemnity compensation benefits in its 1988 budget request and the Committee rejected the proposal.

Proposed compensation enhancements.—The Committee expects to report legislation providing a 4.5 percent cost-of-living increase, effective December 1, 1988, at a cost of $400 million. This cost is based on the Congressional Budget Office baseline estimate of the expected change in the Consumer Price Index.

Legislation is pending (H.R. 2945 as passed by the House) that would expand basic eligibility criteria for certain benefits and health care for former prisoners of war and also reduce the incarceration period upon which a former prisoner of war's eligibility for dental treatment is based. If such legislation is not enacted before the budget resolution is adopted, the Committee would again expect to report similar legislation at a cost of less than $1 million.

Also included in H.R. 2945 is a provision that would amend eligibility criteria applicable to surviving spouses of certain service-connected disabled veterans rated totally disabled at death for benefits which may be paid as if the veterans' deaths were service-connected. Current law provides that such benefits may be paid to a veteran's surviving spouse if he or she was married to the veteran for not less than two years immediately preceding the veteran's death. The Committee's initiative would reduce the duration-of-marriage requirement to a period of one year, in conformity with the marriage requirement applicable to surviving spouses of veterans whose deaths are service-connected, for the purpose of determining such individuals' eligibility for dependency and indemnity compensation. Again, if this legislation is not enacted before the budget

resolution is adopted, the Committee would expect to report similar legislation at a cost of less than $1 million.

In addition, legislation is pending (H.R. 1811) that would establish a presumption of service-connection for purposes of the disability compensation program for certain disabilities suffered by veterans who may have been exposed to low levels of ionizing radiation during the occupation of Hiroshima and Nagasaki during World War II and during participation in atmospheric tests of nuclear devices during the period between 1945 and 1963. If this legislation is not enacted before the budget resolution is adopted, the Committee expects to report similar legislation at a cost of $45 million.

The required new entitlement authority for these initiatives is approximately $448 million.

Pension.—Approximately 596,600 veterans and 563,800 survivors will receive monthly pensions totaling $3.9 billion in 1989. Pension payments are based upon financial need, and the budget estimate includes an indexed cost-of-living adjustment of 4.2 percent, effective December 1, 1988, at a cost of $111.9 million.

Proposed program enhancement.—The Committee expects to report legislation that would extend and expand the scope of the temporary program of vocational rehabilitation for certain pension recipients which is due to expire on January 31, 1989. Under current law, individuals under age 50 coming on the VA pension rolls during the period between February 1, 1985 and January 31, 1989 are required to undergo an evaluation to determine if vocational rehabilitation is reasonably feasible. If such rehabilitation is determined to be feasible, the individual may pursue a program of vocational rehabilitation consistent with that offered to service-disabled veterans under chapter 31 of title 38, United States Code. Individuals over age 50 coming on the rolls during the program period may also participate voluntarily in the evaluation process and avail themselves of the vocational rehabilitation program. Legislation will be reported to extend the duration of the program for an additional period of up to four years and expand the eligibility criteria to include pension recipients who came on the pension rolls prior to February 1, 1985 by allowing their participation on a voluntary basis. The cost of this legislation would be less than $1 million in new entitlement authority.

Life insurance.—The life insurance programs administered by the VA will provide coverage of nearly $201.2 billion for approximately 6.9 million servicepersons and veterans in fiscal year 1989. The Administration has seemingly abandoned its plan to consolidate the St. Paul Insurance Center into the Philadelphia Insurance Center during fiscal year 1988. Furthermore, the Continuing Resolution for fiscal year 1988 (Public Law 100-202) specifically prohibits the use of appropriated funds for consolidation of the centers.

Burial benefits.—The burial benefits program provides for: (a) the payment of an allowance of $300 (plus transportation charges where death occurs while the veteran is receiving care at VA expense to reimburse in part, the burial and funeral expenses of an eligible deceased veteran; (b) the payment of an allowance of $150

for a cemetery plot where an eligible veteran is not buried in a national cemetery or other cemetery under the jurisdiction of the United States; (c) the payment of a burial allowance up to $1,100 when a veteran dies as the result of service-connected disability; (d) a flag to drape the casket of each deceased veteran entitled thereto; (e) a headstone or marker for the grave of the veteran and in certain cases eligible dependents or; (f) an allowance towards the headstone purchase.

In 1987, 118,242 veterans' survivors received a burial allowance at a cost of $41.8 million; 311,510 veterans' survivors received a plot allowance totaling $44.3 million; burial allowances for 8,400 veterans who died of service-connected causes totaled $8.0 million; 401,913 burial flags were issued at a cost of $10.6 million; 266,770 markers were furnished at a total cost of $16.9 million; and 52,522 marker allowances were issued at a total cost of $3.5 million.

Administration Legislative Proposals.—Legislation is proposed by the Administration to make the eligibility requirements for the burial plot allowance the same as those for the basic burial allowance beginning in 1990, that is—limit eligibility to veterans with a service-connected disability, veterans in receipt of pension, and certain other limited categories of wartime veterans. At the time the Committee received the Administration's proposal in the fiscal year 1982 budget to change eligibility requirements for the basic $300 burial allowance, the Office of Management and Budget stated that it did not want to simultaneously change the eligibility requirements for the plot allowance. OMB wished to keep this benefit intact so that the death certificates accompanying applications for the plot allowance could be used by the Government for statistical and research purposes. The Committee concurred with OMB, and is unaware of any change in this requirement. Therefore, the Committee opposes this proposal.

Committee Legislative Proposals.—Public Law 95–476, enacted October 18, 1978, authorizes a grant program of up to $5 million to assist the individual States in establishing, expanding, and improving State veterans' cemeteries. The act provides that the Administrator may make grants in an amount not to exceed 50 percent of the total value of the land and the cost of improvements with the remaining amount to be contributed by the State. The budget reflects a request for $9 million in fiscal year 1989 to allow at least 10 interested States to receive matching grants. This program is scheduled to expire September 30, 1988. The Committee will propose legislation to extend the authority for an additional five years. The establishment of State veterans' cemeteries complements the National Cemetery System, enabling veterans to be interred in their State of residence.

The Committee is also expected to pass legislation authorizing the American Battle Monuments Commission to restore, operate, and maintain monuments on the island of Corregidor in the Philippines. The estimated cost will be $6 million. This bill will be considered only if an agreement is reached between the Philippines and the United States Government.

EDUCATION, TRAINING, AND REHABILITATION

Veterans Job Training Act.—The Emergency Veterans' Job Training Act, Public Law 98–77, established a program of job training assistance to relieve unemployment among Korean Conflict and Vietnam era veterans. This program, now known as the Veterans' Job Training Act (VJTA), was subsequently extended and improved by Public Laws 98–543, 99–108, 99–238, 100–77, and 100–227. Under current law, the program terminates for new applicants on June 30, 1988. The President's budget contains no recommendation that VJTA be extended in spite of the fact that Bureau of Labor Statistics data for December 1987 shows that 340,000 Vietnam era veterans are unemployed and looking for work. The same BLS data also reveals that Vietnam era veterans are unemployed at a higher rate than their non-veteran peers.

Since the inception of the program in 1983, VJTA has provided more than 58,000 long-term unemployed veterans the opportunity to reenter the work force in stable, permanent employment. A study and evaluation of this program, which was mandated by Congress, concluded that VJTA has produced statistically significant positive effects on the employment rates and earning levels of participating veterans.

Administration representatives testified before the Committee that additional funding was not being requested for VJTA because the employment crisis precipitated by the recession in 1983 is over. It is the feeling of the Committee that those veterans who are currently seeking employment are experiencing a crisis and deserve the assistance provided by VJTA. Accordingly, the Committee is recommending $60 million for this very effective program during the next fiscal year.

Montgomery GI Bill—The Montgomery GI Bill, established as a permanent program under Public Law 100–48, continues to be highly successful. The following participation rates for December 1987 reflect the popularity of the program among new active duty recruits: Army—90.6 percent; Navy—63.3 percent; Air Force—67.7 percent; Marine Corps—74.5 percent; DOD total—73.1 percent. Since the implementation of the GI Bill on July 1, 1985, more than 440,000 active duty servicemembers have chosen to participate in this program. Additionally, over 80,000 members of the Selected Reserve have gone to school under the Montgomery GI Bill.

A provision of the GI Bill for active duty personnel requires that participants agree to a $100/month reduction in their basic pay for 12 months. Through October 31, 1987, $330,244,000 had been deposited in the General Treasury as a result of the pay reduction. Had these funds not been deposited in the Treasury, the interest costs to borrow these funds would be over $32 million. It is estimated that annual deposits into this account will total $210 million in fiscal year 1988 and fiscal year 1989.

Because the primary purpose of the Montgomery GI Bill is to assist in the readjustment of veterans to civilian life, it is the intent of the Committee that this program provide former servicemembers with the tools necessary to successfully make the transi-

tion from military service. Accordingly, the Committee intends to amend the Montgomery GI Bill in order to further enhance the effectiveness of the program. Proposed amendments would: provide a death benefit to be paid to the survivors of Montgomery GI Bill-Active Duty participants who die on active duty or within six years of their date of discharge; provide a benefit to be paid to Montgomery GI Bill participants who become so mentally or physically disabled that they are unable to pursue training; revise certain eligibility criteria; and expand the programs of study approved under the Montgomery GI Bill.

VETERANS' HOUSING

The Loan Guaranty Program provides housing credit assistance to eligible veterans and service personnel through guarantees of loans made by private lenders and through direct loans to severely disabled veterans on more liberal terms than generally available to non-veterans, without the assumption of undue risks by the Government.

The Loan Guaranty Revolving Fund finances the operation of the Loan Guaranty Program, excluding administrative costs. The guarantee may be applied to buying, building or repairing a home, condominium or manufactured housing unit.

Assistance is provided chiefly through substituting the Government's guaranty on loans in lieu of the substantial downpayments, relatively short terms, and other investment safeguards applicable to conventional mortgage transactions. The program also assists certain totally disabled veterans in receiving specially adapted housing grants.

New direct loans are presently restricted to disabled veterans requiring specially adapted housing assistance. The maximum direct loan is $33,000. Prior loans will continue to be serviced with funds from the revolving loan fund. The VA estimates the number of direct loans in fiscal year 1989 to be at three, at a cost of $99,000.

During 1987, 479,491 loans were guaranteed, which represents an increase of 52.8 percent over the previous year. This was due to a decline in mortgage interest rates to 8½ percent, the lowest rate in ten years. The VA estimates that demand for services associated with refinancing loans will diminish as mortgage rates begin to stabilize. The projection of 232,600 guaranteed loans for fiscal year 1989 reflects this assumption.

The Loan Guaranty Revolving Fund received an appropriation of $389.8 million for fiscal year 1988. In addition to this amount, the budget documents reflect a deficiency of $526.6 million. The Administration has indicated it will be forwarding an emergency supplemental, presumably for this amount. An appropriation of $658 million is requested for fiscal year 1989 to fully fund program costs associated with foreclosed guaranteed home loans.

During fiscal year 1988, the number of foreclosures on GI loans is projected to increase approximately 20 percent over the 1987 level, with only a slight improvement projected in fiscal year 1989. The number of property acquisitions parallels this trend.

Key revenue items for the Revolving Fund include the sale of properties, funding fees, and loan sales. To date this fiscal year, loans have been sold with a repurchase agreement. Beginning in the second half of fiscal year 1988, all loans will be sold without recourse. The proceeds from recourse sales are treated as budget authority and not as offsetting collections to the Fund.

Administration Legislative Proposals.—The Administration's budget again proposes to repeal the Administrator's authority to set the maximum interest rate at which lenders can make guaranteed loans. Instead, the lender and the veteran would be authorized to negotiate "a reasonable interest rate".

Under current law, the Administrator has the authority to set the maximum interest rate which may be charged by a lender to a veteran homebuyer. Lenders are free to offer loans below this maximum rate. Yet loans below the maximum rate are rarely seen, except in cases where the rate is being subsidized by a Government agency, or where a developer in a new housing project has purchased down the rate. There is little doubt that veterans would pay higher rates than they do now with an administered rate. This will erode veterans' purchasing power, meaning that fewer veterans will be able to afford housing. It will also cost these veterans who choose to participate in the program millions of additional dollars since negotiated rates at a higher level will translate each and every month into higher mortgage payments for veterans throughout the term of the loan.

The use of "negotiated" interest rates could increase VA claim costs and adversely affect the Loan Guaranty Revolving Fund. When a VA-guaranteed loan goes to foreclosure, the lender's claim is paid with interest based on the mortgage rate. Since it is expected that "negotiated" interest rates would be higher than current VA established maximum rates, the VA's claims costs would increase, resulting in increased outlays from the Loan Guaranty Revolving Fund. Because the Government assumes most of the risk on the guaranteed mortgage, it has an obligation to the taxpayer to moderate interest rates to the maximum extent possible to minimize its financial exposure. Accordingly, the Committee again rejects this proposal.

The Administration is resubmitting a legislative proposal that will identify the grant equivalent subsidy of Federal Credit programs. A grant equivalent subsidy occurs whenever the Government provides credit to borrowers on more favorable terms than those available in the private sector. The proposal will require subsidy payments to a central revolving fund at Treasury prior to making a loan. The Agency will continue to administer the program, but the Treasury will be the central financing mechanism for new Federal loans. The grant equivalent subsidy value for guaranteed loans is estimated by OMB to be 6.6 percent in 1989; 6.7 percent in 1990 and 6.8 percent thereafter. The subsidy value for vendee (direct) loans is estimated by OMB to be 16 percent for all years. If this legislation is enacted, it is estimated that in fiscal year 1989 a subsidy (grant) appropriation of $1.3 billion would be required for the guaranty of 232,600 home loans valued at $17.9 bil-

lion and 21,275 vendee loans of $957.4 million. The Committee is unsure how this initiative will be implemented and does not endorse the proposal. It will hold hearings on the Administration's proposal.

The Administration is proposing to repeal the provisions of Public Law 100–203, which mandate that mathematical calculations be performed prior to offering loans for sale to determine which basis (with or without recourse) would be in the best interest of the effective functioning of the Loan Guaranty program. The budget documents reflect loan sales without recourse for the remainder of fiscal year 1988 and all of fiscal year 1989. During fiscal year 1987, VA held one loan sale at which it offered loans for sale without recourse. However, the bids were unacceptable, ranging from 15 to 55 cents on the dollar. The Committee believes that the VA should fully maximize returns on all asset sales. Therefore, this issue will be explored in greater depth during the coming year.

Committee Legislative Proposals.—Although the Congress passed a major housing reform package in 1987, several provisions were dropped from the House-passed bill during resolution of the issues between the two bodies. The Committee may again consider the issue of adjustable-rate mortgages (ARMS) as well as a mortgage foreclosure relief program. There would be insignificant costs associated with these proposals.

GENERAL OPERATING EXPENSES

a. General.—The General Operating Expenses (GOE) account primarily supports payroll expenses of personnel responsible for administering non-medical benefits to the veteran population. These benefits include the administration of VA compensation, pension, education, GI loan, and insurance programs, the Board of Veterans' Appeals, Inspector General, other non-medical elements of Central Office, as well as maintenance of the national cemetery system. The budget request is $771.3 million in budget authority for fiscal year 1989, which is $3.5 million lower than the current estimate for 1988. The GOE appropriation request is 562 FTEE lower than 1988.

The Committee believes that decreases in employment levels for field activities of the Department of Veterans Benefits and the Department of Memorial Affairs cannot be justified given the trends in workload and timeliness. The Committee is recommending $825 million for this account in 1989, $54 million higher than the Administration request and approximately $8 million higher than the CBO baseline. This will allow the Department of Veterans Benefits to staff its various functions at an overall FTEE level that is approximately 200 FTEE higher than the 1987 staffing level, which was 13,126 FTEE, for a total of 13,300. It would also allow progress on implementation of the Department's modernization initiative. In addition, this level of funding would allow for a modest increase in staffing for the Department of Memorial Affairs to keep pace with increasing workloads. There is a critical shortage of trained staff to carry out essential funtions which are the foundation of the

veterans' benefits program, and the Committee believes that staffing must be increased to reverse this pressing problem.

b. Department of Veterans Benefits.—The Administration recommends a decrease of 492 FTEE in 1989 from 1988. This includes decreases of 248 FTEE in Compensation, Pension, and Education Services, 75 in Loan Guaranty, 73 in Veterans Services, 54 in Support Services, and 11 in Vocational Rehabilitation and Counseling Services.

The budget estimate forecasts a very slight decrease in C&P original claims and cites overall declines in workload and increases in productivity as the bases for the reduction of 438 FTEE. The reduction of an additional 54 FTEE is based on modernization initiatives.

Current service in Adjudication Divisions is critically deficient and a decrease in personnel would only further aggravate this deficiency. The following graph reflects the decline in timeliness in claims processing between fiscal years 1982 and 1987, in large part due to the reductions in staff which have occurred each year.

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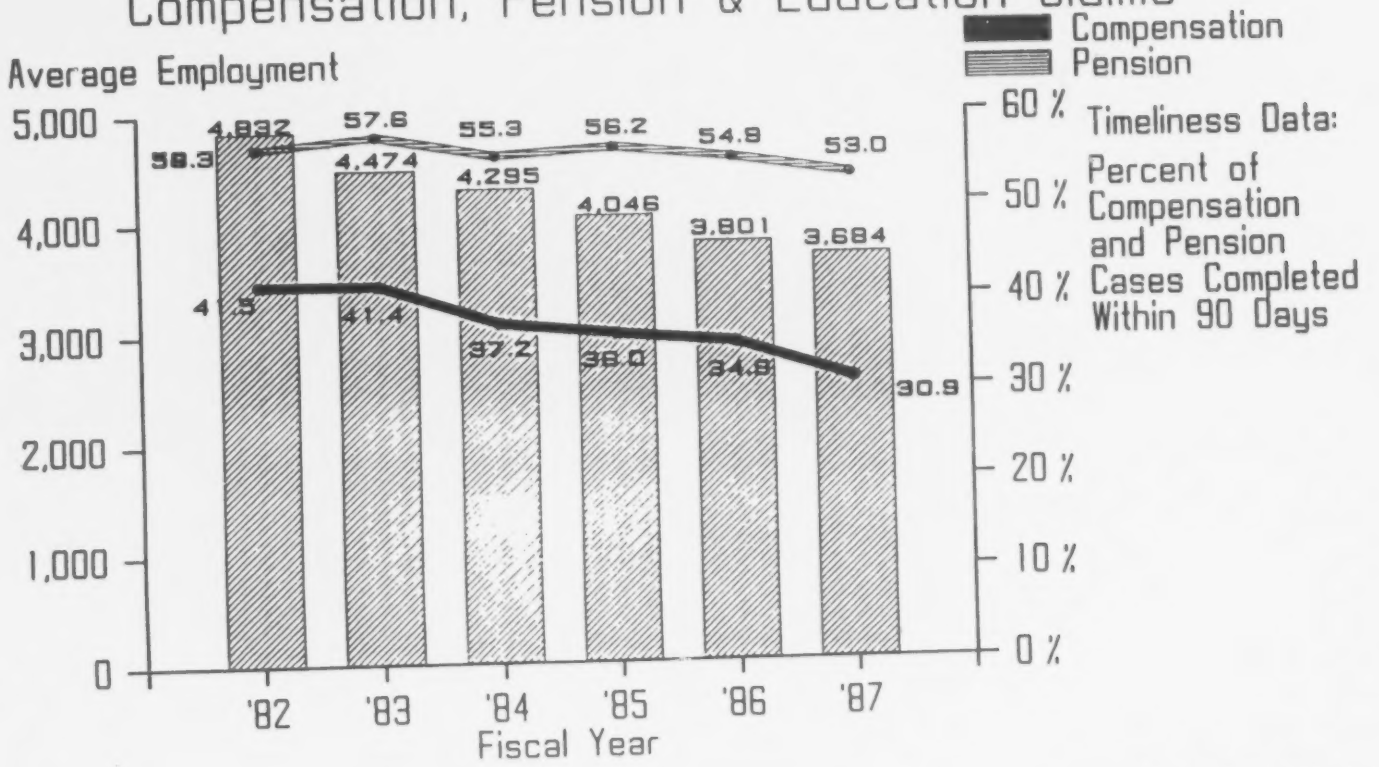
Average Employment and Timeliness in Compensation, Pension & Education Claims



	'82	'83	'84	'85	'86	'87
No. of Claims	3,402,474	3,650,068	3,533,929	4,314,094	3,714,078	3,580,319

Average No. Claims/Year = 3,699,160

Continual reductions in staff levels cannot be justified based on lower caseloads when statistics show that timeliness standards continue to decline. Cuts in staffing in excess of those justified by slight declines in caseload have not been offset by modernization initiatives and, based on the delays the agency has encountered thus far in its modernization efforts, it is clear that the agency will be unable to maintain its current standards unless adequate staffing is provided for in the budget.

The Administration request includes a reduction of 73 FTEE in Veterans Services based on a projected decline in the number of telephone contacts, field examination actions, and compliance survey actions. The Committee believes that, in spite of the slight decline in telephone contacts, the abandoned-call rate remains too high, and that the requested reductions in Veterans Benefits Counselors will not be offset sufficiently by equipment or management enhancements. As to the projected decline in compliance surveys due to the decline in the number of education trainees under chapters 34 and 35, the budget apparently fails to take into consideration the large increase in education trainees that will be occurring under the Montgomery GI Bill. In view of these points, the Committee believes a reduction in staff of 73 FTEE is not justified.

The Administration forecasts a decrease in the Insurance Service of five FTEE from the current estimate for fiscal year 1988. The 1988 estimate was reduced by 69 FTEE which reflects the additional staffing that would have been needed under the proposed consolidation of the St. Paul Insurance Center with the Philadelphia Insurance Center which has now been cancelled.

The Loan Guaranty portion of the GOE account reflects a decrease in fiscal year 1988 of 23 FTEE and an additional 75 FTEE during fiscal year 1989. The level of foreclosures and property acquisitions are projected to increase dramatically over the fiscal year 1987 level. Since property acquisition and claims costs account for 80 percent of all expenditures from the Revolving Fund, additional FTEE would enable VA to provide added supplemental servicing on defaulted loans, which could result in increased cures and decreased expenditures from the Revolving Fund, according to the General Accounting Office. VA would be able to sell additional properties, reducing holding costs and enhancing the cash position of the Revolving Fund.

In August 1987, average employment was 2,238 FTEE in loan guaranty. The current level is 2,111. This decrease is attributable in part to a lack of resources and the imposition of a hiring freeze in December 1987. The Committee not only recommends full restoration to a level of 2,238 for fiscal year 1989, a difference of 138 FTEE from the fiscal year 1988 level contained in the budget document; it also believes additional employees are warranted.

The President's budget recommends a reduction of 11 FTEE in the Vocational Rehabilitation and Counseling (VR&C) program. The Committee rejects this proposal and recommends that 53 additional FTEE be provided VR&C.

The VR&C Service provides the services and assistance necessary to enable veterans with service-connected disabilities to achieve maximum independence in daily living and, to the maximum extent feasible, to become employable and to obtain and maintain suitable employment. Additionally, VR&C provides counseling services to veterans and active duty servicemembers applying for educational and job training benefits and operates career development centers. The three main functional areas are: Rehabilitation Evaluation and Planning; Counseling and Evaluation Intervention; and Employment Services.

VR&C program data demonstrate that unrealistic staffing levels have resulted in backlogs which seriously undermine the effectiveness of the services VR&C provides. For example, in fiscal year 1987 a veteran had to wait an average of 90 days from the time his application was received by the VA until he had an initial interview with a vocational rehabilitation specialist. The average time in Employment Status was 255 days. A veteran enters Employment Status when he or she is determined to be "job ready" and must be maintained in this status a minimum of 90 days after becoming employed.

Unmanageable workloads are now the norm in VR&C. For example, assuming no new applications for counseling/evaluation services, it would take an average of 6.9 months to eliminate the counseling workload. Twenty stations exceed this level. The maximum is 19.3 months of work. The vocational rehabilitation specialist (VRS) workload has steadily increased to 195 at the end of fiscal year 1987 compared to a workload of 60 cases for comparable staff in the State/Federal rehabilitation program. Twenty-four stations show a VRS workload in excess of 195. In fiscal year 1987, counseling psychologists (CPs) carried a workload of 24 cases a month when a reasonable load is considered to be 20.

The following table illustrates the trends in staffing (field staff only), workload, and timeliness.

Fiscal Year	1984	1985	1986	1987
FTEE (field staff)	598	575	558	563
VR&C workload	26,295	26,441	28,592	29,351
Average days in applicant status	[1] 27	78	80	90
Average days in employment status	155	233	242	255
CP[2] Average workload	23	26	22	24
VRS[3] casemanager average workload	168	170	177	195

[1] Data incomplete for FY 1984
[2] Counseling Psychologist
[3] Vocational Rehabilitation Specialist
Note: Data Source—VA Department of Veterans Benefits

Inadequate staffing levels have adversely affected the quality of service provided by VR&C. Based upon tentative findings of the Inspector General, Central Office directed a review of rehabilitated cases. The results of this review identified an incorrect decision in approximately 15 percent of the cases. Based upon this evidence, a

program to improve quality from the initial evaluation through rehabilitation was implemented. Regional training seminars were conducted to improve quality, and positive results are beginning to emerge from recent case reviews. The Committee feels an increase in FTEE is necessary to support this effort.

The Committee recommends that, in order to provide adequate service, there should be one VRS for every 125 currently active cases and one counseling psychologist for every 20 such cases. With this staffing level and an effective training program, VR&C would be able to once again provide service second to none to our nation's veterans.

Department of Memorial Affairs.—A total of 144 cemeterial installations and activities are now included in the National Cemetery System, located in 39 States, the District of Columbia and Puerto Rico. The existing 144 cemeterial activities total 9,877 acres. Since the establishment of the National Cemetery System in the Veterans Administration in 1973, approximately 607,000 decedents have been interred in national cemeteries. During the same period, approximately 3.8 million headstones and markers have been furnished to mark graves.

In 1987, a total of 53,665 remains of veterans, active duty personnel and dependents were interred in national cemeteries. The 1989 interment projection is 56,400, an increase of 1,400 over the 1988 estimate of 55,000. Three hundred eight thousand headstone applications are expected in fiscal year 1988 and 317,000 in fiscal year 1989.

For 1989, the Department of Memorial Affairs employment budget totals 1,203 average employment. The fiscal year 1989 funding represents a net increase of $299,000 over fiscal year 1988 for personal service needs. The level of employment remains the same; the majority of the increase supports increased funding for enhanced data transmission, inflation, and normal payroll expenses. There is a steadily increasing workload in interments. Almost half of the increase in this workload is associated with the opening of the new Florida cemetery. Additionally, the number of graves maintained in 1989 is expected to be 1,775,300—a 46,700 increase over the 1988 level. Based upon the steadily increasing workload, the Committee recommends an additional 20 FTEE be added to the 1,203 FTEE figure contained in the budget.

Department of Medicine and Surgery

In order to maintain the high quality of medical care delivered in its comprehensive medical care delivery system, the Department of Medicine and Surgery must furnish a new mix of services in response to an aging veteran population, a changing demographic distribution of veterans, new medical technology, and shifts in the practice of medicine toward outpatient treatment, all within the constraints of an aging capital plant. At the same time, the Department of Medicine and Surgery must continue to meet the demand from all eligible veterans including those with routine medical needs, as well as those with special needs such as Acquired

Immune Deficiency Syndrome (AIDS) and ill veterans who are homeless.

Overview.—The Administration's proposed VA medical care budget for fiscal year 1989 is $10.3 billion (unadjusted), an increase over fiscal year 1988 of two percent. This percentage is less than half of the CBO's projection of a rise of about 4.5 percent in inflation and is only one-third of the projected rise in the medical consumer price index (medical CPI) of over 7 percent. (The chart on p. 13 shows the discrepancy between actual and deflated (1977 dollars) budget authority for fiscal years 1975 to 1988 and requested versus deflated dollars as projected for fiscal years 1988 and 1989.)

The Committee rejects this proposed budget because it falls short by about $330 million of a CBO-projected current services budget. In addition, the proposed Administration budget does not reflect the new resource demands being placed on the VA by homelessness, AIDS, and the newly created eligibility group of Merchant Marine veterans of World War II. The Committee proposes instead a current services budget with only minor enhancements. This is considered a minimum by the Committee because it allows the same level of services to be provided in fiscal year 1989 as were delivered in 1988 adjusted for inflation. The following sections detail specific recommendations of the Committee in response to the President's proposed VA medical care budget.

Medical Program Management.—The Administration's budget proposes a decrease in medical care personnel of 4,270 to accommodate various program and management initiatives.

Specifically, the proposed budget provides for a "one percent productivity increase" resulting in a decrease of 1,944 FTEE in fiscal year 1989. This is the fourth consecutive proposed productivity increase for a total decrease over four years of 7,710 FTEE. In testimony before the Committee, medical officials of the Department of Medicine and Surgery have testified that such productivity increases are not a result of rational, planned improvements in efficiency. Instead, the decreases are taken from budget allocations to the medical centers, thus reducing the amount of care that can be delivered to eligible veterans.

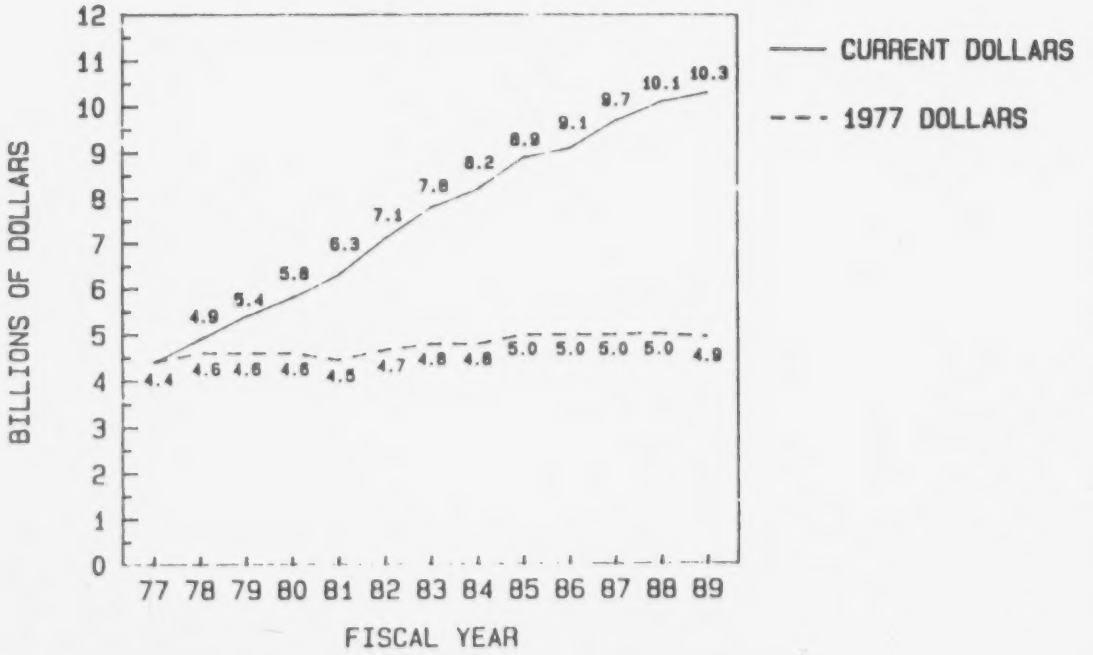
The Administration's budget specifically calls for medical personnel cuts of 2,879 FTEE for hospital wards, with 1,476 FTEE being cut from medical bed sections, 777 FTEE cut in surgical bed sections, and 835 FTEE cut in psychiatric bed sections. These personnel decreases have been proposed notwithstanding the Administration's projections of increases in medical workload of 2,760 hospital admissions (for a fiscal year 1989 total of 1,033,452 admissions) and an increase of 211,000 outpatient visits (for a total of 23,084,000 visits).

Such significant cuts in medical personnel are partially offset by proposed additional staff for activations of new facilities of 1,882 FTEE. There is also a partial offset of 588 FTEE in proposed additional staff for extended care. However, the serious shortages of medical personnel as detailed above would persist in the wards of VA hospitals and outpatient clinics since the proposed personnel

increases for newly activated facilities and for extended care would not ease the ward staff shortages.

Contrary to the implications of the proposed arbitrary "productivity increase", a straight line represents the budget history of the VA's Department of Medicine and Surgery from 1977 to the present as seen in the following chart while the number of inpatients treated has grown by 24 percent and the number of outpatient visits has grown by 62 percent.

MEDICAL CARE BUDGET AUTHORITY
CURRENT VS. DEFLATED (1977) DOLLARS



NOTE: Current dollars are deflated using the Medical CPI for non-payroll costs and converting the value of 1978-1987 actual and 1988-1989 budgeted employment to 1977 dollars.

Therefore, the Committee recommends the restoration of the 1,944 FTEE and $65.1 million reduction proposed as a productivity increase in the Administration's budget. The Committee notes the increased productivity already achieved by the VA and believes that further productivity improvements should not be arbitrarily demanded, but should reflect actual, specific initiatives demonstrated to result in real productivity improvements.

The Committee specifically notes that the restoration of these funds and personnel include: (1) quality assurance management—plus 169 FTEE and $5.972 million; (2) VA bed redesignation—plus 43 FTEE and $1.674 million; and, (3) readjustment counseling—plus 79 FTEE and $4.7 million.

The Administration's proposed budget calls for a legislative action to expand authority to allow tuition reimbursement to nurses for degree-related courses. The Committee notes that legislation on this same topic is pending resolution of differences between the Senate and House of Representatives.

Special Medical Care Problems.—The Administration's proposed budget for fiscal year 1989 requests no increase in funding or personnel for the care of veterans with Acquired Immune Deficiency Syndrome (AIDS) and for veterans who are homeless.

The Administration's request for 4 FTEE and $260,000 to establish a program office for AIDS reflects the reality that the VA, as of January, 1988, has cared for a cumulative total of 3,600 veterans with AIDS and by the end of fiscal year 1988 will have cared for about 5,400. This cumulative total is over 6 percent of the Nation's cumulative total of AIDS patients.

Even such staggering numbers mask the real burden of AIDS facing the VA in the future. Currently, about 200 new AIDS patients seek care each month from the VA. Taking the counts made by the Centers for Disease Control (CDC) of new AIDS patients in the U.S. for the last week of January and first three weeks of February of 1988, there are currently about 2,300 new AIDS patients each month nationally. Thus, something like 9 percent of new AIDS patients may now seek care from the VA. There are, of course, different lag times to accumulate the total from the various States as well as the various VA medical centers; compounding the problem is the fact that aggregated AIDS cases do not reflect the treatment burdens presented by persons with AIDS Related Complex (ARC) and by persons who request AIDS tests and counseling. In addition, the question may be raised as to whether the new cases applying for VA care are new diagnoses or new to the VA. Nonetheless, there is strong evidence of an increasing trend in the number of AIDS patients applying for care in the VA system.

It is estimated that the average annual cost of caring for each AIDS patient is $30,000 plus an additional $8–10,000 annual cost for AZT, the only FDA-approved AIDS drug in the United States. Thus, the new and significant demand on VA resources resulting from AIDS further diminishes the ability of the VA to maintain an effective current services budget for veterans with routine medical needs.

In 1987, the VA issued a special solicitation for proposals dealing with AIDS and Human Immuno-deficiency Virus (HIV) infection as well as an invitation for requests for care support for AIDS research centers. Review of the research proposals is ongoing and three AIDS research centers were approved for funding in 1989 to be located at San Diego, California, Durham, North Carolina; and Baltimore, Maryland. Therefore, the Committee recommends a very modest increase of $50 million to the proposed Administration budget for the care of AIDS patients in the VA to partially offset the enormous resources required for treatment of this disease and $25 million to fund associated research activities. It is further recommended that a functional transfer of $75 million be made for this purpose from function 550, in which $1.2 billion is designated for AIDS treatment and research. This action will cause no increase in overall Federal spending.

The Administration's budget also proposes no funds for care of homeless veterans. This is reflected in the budget by a programmatic decrease of $15.5 million. The resources to continue the program will be taken from funds allocated to the medical care account. In effect, this is a reduction in scarce medical care funds.

The VA has designed and implemented a program for homeless veterans at 43 VA medical centers, located in both urban and rural settings, in 26 States. Preliminary data on a subsample of 6,342 homeless veterans contacted through the VA program (as of October, 1987), indicates that 20 percent had psychotic symptoms and 86 percent had at least one indicator of serious mental illness. Overall, about 63 percent of the homeless veterans needed VA medical or psychiatric services; 44 percent were referred to short-term shelters; and, 36 percent to VA residential treatment.

Therefore, the Committee recommends that $15.5 million be added in the budget to fund a continuation of the VA's homeless program during fiscal year 1989.

Extended Care.—The Administration's budget proposes only one new nursing home, a 120-bed facility in Tampa, Florida.

The projected increase in the elderly population of the United States is being experienced earlier in the veteran population than in the general population. The number of veterans over the age of 65 was 4.6 million in 1985 and is predicted to imcrease to 7.2 million by 1991 and to peak at 8.9 million veterans in 1999. Sixty percent of all males over the age of 65 will be veterans in 1991. In 1999, 3.8 million of the projected 8.9 million veterans will be over the age of 75 and in 2031, 3.7 million veterans will be over the age of 75, forming a much larger proportion of the veteran population than that age group does today.

In 1984, the Veterans' Administration published "Caring for the Older Veteran" which presented an extensive analysis of the resources which the VA might require to meet the needs of older veterans. This analysis concluded that the VA should be operating 19,000 nursing home beds by 1990 and between 30,000 and 41,000 beds by the year 2000.

Shortly after the publication of these numbers, the VA announced a change in its planning strategy which called for a decreased emphasis on VA-owned-and-operated nursing home beds in favor of increased reliance on privately-operated community nursing home beds and beds operated by the various States through the VA-assisted State home program. Thus, the present VA strategy to meet the needs of veterans requiring nursing home care is to place 30 percent in VA beds, 30 percent in State home beds, and 40 percent in community beds.

In the 1989 budget, the Administration includes projections that 289 hospital beds will be converted to nursing home beds and in fiscal year 1988, the VA plans to convert 282 hospital beds to nursing home beds. However, in fiscal year 1987 the VA planned to convert 59 beds and, in fact, only converted 18. As of December 1987, 30 State homes had a capacity to care for 10,900 veterans needing nursing home care, although this number includes beds which have been temporarily closed due to staffing shortages. Funding to increase the number of State home nursing beds has increased over the past two years, and funding of $42 million is requested in the fiscal year 1989 budget. Nevertheless, at the present time there are 43 projects with a projected cost of $165 million which are unfunded. Moreover, even if funds are provided for these planned projects and all of the planned beds are opened, there will only be 14,600 State nursing home beds, and this number will not be reached until 1994 at the earliest. Thus, there is a shortfall in the number of State nursing home beds which will be available to care for veterans requiring nursing home care for the foreseeable future.

In fiscal year 1987, over 51 percent of the veterans who received nursing home care to which the VA made some contribution were cared for in community nursing home beds. The VA has little control over the number of nursing home beds which will be available to care for veterans in the future, so that continued reliance on the availability of such beds exposes many veterans to the risk of being denied needed care.

Notwithstanding the conclusions of the VA's "Caring for the Older Veteran", the VA plans to operate approximately 15,300 nursing home beds by the end of fiscal year 1992. This is approximately 3,500 more beds than the 11,700 beds VA operated as of December 1987. The occupancy rate for these existing beds during 1987 was 93 percent and many VA nursing home care units have waiting lists. While funds previously appropriated will allow the VA to activate 1,300 beds over the next two fiscal years, the VA has not been allowed to request funds sufficient to reach its stated objective in a timely manner. If the present pace of construction and conversion of existing beds continues, the VA will fall far short by 1,500—2,000 beds of its stated objective which itself is far short of the VA's projection of needed beds. The result is that many veterans who seek nursing home care from the VA will not be provided it through VA beds, through State home beds or in community beds.

Therefore, the Committee supports the additions proposed in the Administration's budget for extended care programs, including the

new nursing home unit in Tampa, Florida. However, the Committee believes that the magnitude of the proposed changes is clearly insufficient to meet the anticipated need for extended care, even assuming that the utilization rate of VA medical care does not increase. The Committee specifically recommends two actions similar to Committee recommendions for the fiscal year 1988 budget:

(a) The Committee urges the VA to end its policy of a static number of VA-owned and -operated nursing home care beds and the policy of increased reliance on private community nursing home beds. The policies are unrealistic due to the current shortage of nursing home beds for the non-VA population.

Specifically, the Committee recommends the following: Add funds to construct nursing home care units at the VA Medical Centers in Mountain Home, Tennessee (120 beds and $5.715 million), Wilkes-Barre, Pennsylvania (60 beds and $3.770 million), and Gainesville, Florida (120 beds and $7 million).

(b) Similarly, the Committee sees the planned dependence on a major growth in State veterans homes as unrealistic—despite the Committee's strong support for the program—as the program depends on States' ability and willingness to participate through appropriations of State funds for construction and operation of the homes. In order to encourage participation in the program, the Committee specifically recommends an increase in the per diem payments made by the VA to State nursing homes for their operating costs to a level of one-third of the national average daily operating costs of State veterans nursing homes. With regard to the Administration's legislative proposal to increase per diem payments to a level of one-fourth of the national average daily operating cost, the Committee notes that such legislation is now pending resolution of differences between the Senate and House of Representatives.

Construction.—The Administration proposes to decrease the VA's construction program by $22.1 million for fiscal year 1989. This is a 4.3 percent decrease from fiscal year 1988 and reflects a decrease of 8.8 percent in major projects. It also reflects an increase of $5 million for the parking revolving fund.

Over half of the VA's medical facilities are over 30 years old. Changes in the practice of medicine, the development of new equipment for diagnosis and treatment, the need to create work environments that make more efficient the use of scarce medical professionals such as nurses, and the imperative to maintain high-quality care justify a reasonable schedule of capital modernizations, clinical improvements and patient safety modifications. These construction activities require funds and the longer they are postponed the more costly will be their resolution.

Therefore, the Committee recommends that design funds for the clinical addition and spinal cord injury center project long planned by the VA for the Dallas VA Medical Center be included in the fiscal year 1989 budget in the amount of $15 million.

Capital Investment.—The Administration's budget proposes a decrease of $34.4 million in money planned to purchase high-technol-

ogy medical equipment and devices. This represents a net decrease in object class 31 equipment of $15.820 million and a net decrease of $11.311 million in object class 32 equipment.

In the budget documents for fiscal year 1989, the VA noted that when the VA was formed it obtained many of its facilities and equipment by inheritance from other agencies. It further noted that it is necessary for reasons of patient safety and quality of care to keep pace with the effects of deterioration and modifications required because of changes in methods of patient care, advances in modern technology, building and safety code requirements, standards of the Joint Commission on Accreditation of Hospitals (JCAH), and energy conservation goals.

Therefore, the Committee recommends a restoration of the $34.4 million proposed to be cut for this equipment under the Administration's budget.

Summary of Changes Recommended by Committee for VA Medical Programs

[In millions of dollars]

	FTEE	Budget Authority
Medical care staff:		
Administration proposed medical care budget	192,358	$10,327.5
Required to maintain current services plus	2,904	329.5
restoration of 1% productivity decrement	1,903	
Subtotal	197,165	10,657.0
Medical enhancements:		
AIDS treatment	...	50.0*
Object Class 31 & 32 equipment	...	34.4
Homeless veteran program	...	15.0
Subtotal	...	99.4
Total medical care	197,165	10,756.4
Research enhancements:		
Restore Administration reduction	110	3.3
AIDS research	...	25.0*
Subtotal	110	28.3
Construction enhancements:		
Nursing home care units at:		
Gainesville, FL, 120 beds	...	7.0
Mountain Home, TN, 120 beds	...	5.7
Wilkes Barre, PA, 60 beds	...	3.8
Design funds for:		
Clinical addition and spinal cord injury center, Dallas, TX	...	15.0
Subtotal	...	31.5
Total Additions to Administration's proposed budget for VA medical program	4,807	$489.7

*AIDS funding is a functional transfer from function 550 with no increase in overall Federal spending

FUNCTION 700: VETERANS BENEFITS AND SERVICES--BUDGET AUTHORITY

[In millions of dollars]

	1988 CBO	1989 CBO	President's Recommendation	Committee Recommendation	Committee +/- President	Committee +/- CBO
701--Income Security						
Compensation	$10,751	$10,679	$10,679	$10,679	...	...
Proposed Legislation	...	400	400	448	$48	$48
Pensions	3,760	3,721	3,721	3,721	...	...
Burial and Other	130	134	134	134	...	...
Proposed Legislation	...	...	-*	...	...	...
Insurance (Net of receipts)	1,017	1,030	1,030	1,030	...	...
Subtotal 701	15,658	15,964	15,964	16,012	48	48
702--Veterans Education						
Veterans Job Training	...	...	...	60	60	60
Other Education	511	431	431	431	...	...
Proposed legislation	...	...	...	4[1]	4	4
Subtotal 702	511	431	431	495	64	64
703--Hospital and Medical Care						
Medical Care	10,120	10,657	10,328	10,756	428	99
Proposed Legislation	...	...	23	23		23
Construction	563	586	543	575	32	-11
Medical Administration and Other	47	51	48	51	3	...
Research	193	203	204	232	28	29
Third Party Reimbursement	-100	-150	-150	-150	...	...
Subtotal 703	10,823	11,347	10,996	11,487[2]	491	140
704--Housing						
Existing Law	1,794	475	475	475	...	...
Proposed Credit Reform	...	...	1,091	...	-1,091	...
Subtotal 704	1,794	475	1,566	475	-1,091	...
705--Other benefits and services						
General Operating Expenses	775	817	771	825	54	8
Other	90	97	107	97	-10	...
Subtotal 705	865	914	878	922	44	8
Total Function 700	$29,651	$29,131	$29,835	$29,391	-$444	$260

* Less than $1 million.

[1]Does not include function 050 budget authority ($78 million)

[2]Does not reflect offsetting reduction in function 550 ($75 million)

FUNCTION 700: VETERANS BENEFITS AND SERVICES--OUTLAYS

[In millions of dollars]

	1988 CBO	1989 CBO	President's Recommendation	Committee Recommendation	Committee +/- President	Committee +/- CBO
701--Income Security						
Compensation	$10,713	$10,681	$10,681	$10,681	...	...
Proposed Legislation	...	361	361	409	$48	$48
Pensions	3,749	3,724	3,724	3,724	...	...
Burial and Other	130	134	134	134	...	...
Proposed Legislation	...	...	-*	...	...	...
Insurance (Net of receipts)	607	671	671	671	...	...
Subtotal 701	15,199	15,571	15,571	15,619	48	48
702--Veterans Education						
Veterans Job Training	32	5	5	55	50	50
Other Education	438	420	420	420	...	...
Proposed Legislation	...	...	...	4[1]	4	4
Subtotal 702	470	425	425	479	54	54
703--Hospital and Medical Care						
Medical Care	9,881	10,577	10,295	10,659	364	82
Proposed Legislation	...	...	23	23		23
Construction	604	582	581	591	10	9
Medical Administration and Other	44	48	48	48	...	...
Research	209	201	202	211	9	10
Third Party Reimbursement	-100	-150	-150	-150	...	...
Subtotal 703	10,638	11,258	10,999	11,382[2]	383	124
704--Housing						
Existing Law	1,317	428	428	428	...	...
Proposed Credit Reform	...	...	880	...	-880	...
Subtotal 704	1,317	428	1,308	428	-880	...
705--Other benefits and services						
General Operating Expenses	800	814	771	822	51	8
Other	101	107	108	107	-1	...
Subtotal 705	901	921	879	929	50	8
Total Function 700	$28,525	$28,603	$29,182	$28,837	-$345	$234

* Less than $1 million.

[1]Does not include function 050 outlays ($41 million)

[2]Does not reflect offsetting reduction in function 550 ($50 million)

Summary of Proposed Legislative Changes

Presidential proposals as reestimated by CBO

[In millions of dollars]

Legislation propopsal	Estimate		
	1989	1990	1991
701--Compensation:			
COLA 4.5 percent (New Entitlement authority):			
Budget authority	$400	$924	$1,438
Outlays	361	880	1,396
Burial benefit eligibility change (NEA):			
Budget authority	...	–37	–38
Outlays	...	–37	–38
703--Health care:			
Increase the state home per diem rates:			
Budget authority	19	19	19
Outlays	19	19	19
Expand authority to allow tuition reimbursement to nurses for degree related courses:			
Budget authority	5	5	5
Outlays	5	5	5
704--Credit reform:			
Budget authority	1,091	1,242	907
Outlays	880	1,256	921
Total:			
Budget authority	$1,510	$2,148	$2,326
Outlays	1,260	2,118	2,298

Committee Legislative Recommendations

[In millions of dollars]

Legislation propopsal	Estimate 1989	1990	1991
701--Compensation:			
COLA 4.5 percent (New Entitlement Authority):			
Budget authority	$400	$924	$1,438
Outlays	361	880	1,395
Atomic veterans (NEA):			
Budget authority	45	46	46
Outlays	45	46	46
POW compensation (NEA):			
Budget authority	1	1	1
Outlays	1	1	1
Survivors compensation (NEA):			
Budget authority	1	1	1
Outlays	1	1	1
Pension program extension (NEA):			
Budget authority	1	1	1
Outlays	1	1	1
702--Readjustment benefits:			
Montgomery GI Bill amendments (NEA)*:			
Budget authority	4	4	4
Outlays	4	4	4
Authorize Veterans Job Training Act:			
Budget authority	60	60	...
Outlays	50	51	23
703--Health care:			
Adjust per diem rates for veterans receiving care in a State home (NEA):			
Budget authority	14	14	14
Outlays	14	14	14
Total:			
Budget authority	$523	$1,048	$1,502
Outlays	474	995	1,482

* Does not reflect function 050 cost

[1] Less than $1 million

VETERANS' ORGANIZATIONS INDEPENDENT BUDGET

This year, four of the major veterans service organizations—AMVETS, the Disabled American Veterans (DAV), the Paralyzed Veterans of America (PVA), and the Veterans of Foreign Wars (VFW)—developed and presented to the Committee recommendations for the fiscal year 1989 Veterans' Administration budget. This unprecedented collaborative effort resulted from "a final loss of confidence in OMB's intention or ability to address veterans' issues objectively or to support the moral and legal obligations that this nation has accorded the men and women who have served our country." While these four organizations were responsible for producing this major undertaking, they were supported by the Blinded Veterans Association and the Military Order of the Purple Heart; they also were encouraged and received the cooperation of such organizations as the American Nurses Association, the Association of American Medical Colleges, the National Association of VA Physicians, the American Paraplegia Association, and the American Association of Spinal Cord Injury Workers.

Members of the Committee were deeply impressed by this "Independent Budget" presentation; it reflected a high degree of professional knowledge concerning the VA budget and the future of veterans' programs. What was also remarkable was the careful balancing of the many pressing needs of veterans with the overall need to avoid adding unnecessarily to the Federal deficit. For example, of the 15 major VA accounts which make up the VA budget, the Independent Budget recommended only a current services level in 12 accounts. The total increases recommended for the other three accounts amounted to 1.2 per cent of a current services level for 1989.

That an Independent Budget was perceived to be necessary by these organizations reflects an increasing separation between the goals of the service organizations and those of the Office of Management and Budget. This was clear from the testimony of the organizations responsible for the Independent Budget, and was echoed by other organizations who testified before the Committee on March 3. According to the Independent Budget, several factors make it virtually impossible for the Administration to present a budget which is consistent with the expectations of the American public and the needs of veterans. The basic strategy of the Independent Budget is:

—To assure that all veterans receive the benefits and services to which they are entitled;

—To assure that the VA provides these benefits and services in a fashion that is cost-efficient but also timely; and

—To assure the integrity, quality, and coherence of the benefits and services the VA provides.

The following chart summarizes the recommendations of the Independent Budget. The Committee views these recommendations as fair and reasonable given the enormous demand for services, and has strived to make its recommendations consistent with the principles which these recommendations reflect.

TABLE II
VA APPROPRIATIONS BY ACCOUNT
(dollars in thousands)

Appropriation Account	1967 Appropriation	1968 Appropriation	1968 IB Current Services*	1969 IB Current Services*	1969 IB Recommended Appropriation
GENERAL OPERATING EXPENSES AND MISCELLANEOUS					
General operating expenses	770,500	774,800	778,200	804,700	821,200
Grants for the construction of state veterans cemeteries	0	0	0	3,000	3,000
TOTAL GOE AND MISCELLANEOUS	770,500	774,800	778,200	807,700	824,200
BENEFITS PROGRAMS					
Compensation,pension, and burial benefits	14,422,500	14,334,300	14,334,300	14,793,000	14,793,000
Readjustment benefits	763,300	626,700	626,700	597,600	597,600
Veterans insurance and indemnities	4,800	14,300	14,300	9,220	9,220
Veterans' job training	30,000	0	0	0	0
Loan guaranty revolving fund	100,000	390,000	390,000	600,000	600,000
TOTAL BENEFITS PROGRAMS	15,320,600	15,364,300	15,364,300	15,999,820	15,999,820
MEDICAL PROGRAMS**					
Medical Care	9,712,800	10,120,000	10,158,000	10,840,900	10,818,800
Medical and prosthetic research	192,800	193,000	203,600	209,300	209,300
Medical administration and miscellaneous operating expenses	41,800	47,000	47,500	43,940	43,940
Grants for construction of state extended care facilities	42,400	40,300	42,400	42,400	42,400
Grants to the Republic of the Philippines	500	500	500	500	500
TOTAL MEDICAL PROGRAMS	9,990,300	10,400,800	10,452,000	10,842,040	11,119,940
CONSTRUCTION PROGRAMS					
Construction, major projects	382,700	403,000	403,000	368,000	368,000
Construction, minor projects	80,000	116,000	116,900	117,800	169,000
Parking garage revolving funds	26,000	3,900	3,900	4,000	4,000
TOTAL CONSTRUCTION PROGRAMS	488,700	522,900	523,800	489,800	541,000
TOTAL APPROPRIATION	26,570,100	27,062,800	27,118,300	28,139,060	28,484,960

*Funds necessary to maintain services at the FY 1967 level **Excludes transfers

OVERVIEW

The Veteran Population

Throughout the more than 200-year history of the United States, nearly 38.3 million men and women have served in the Armed Forces during wartime. Nearly 1.1 million servicepersons sacrificed their lives in the defense of our country during periods of armed conflict. At the close of fiscal year 1987, there were approximately 21.6 million living war veterans. A total of 35.3 million served during the Spanish-American War, World War I, World War II, the Korean conflict and Vietnam era and 697,000 died in service to their country. In addition to the 21.6 million living war veterans, there were about 3 million veterans who served only during the peacetime period between the Korean conflict and the Vietnam era, as well as 2.5 million peacetime veterans who entered military service after May 7, 1975, and have since returned to civilian life. An additional 0.4 million other peacetime veterans served prior to the Korean conflict.

The total number of veterans living in the United States and Puerto Rico has been declining for several years. The number of living veterans decreased during fiscal year 1987 to 27.5 million, a loss of 213,000 from the end of fiscal year 1987. This contraction of the veteran population resulted from the loss of 443,900 veterans who died during fiscal year 1987 and the reentry of 25,500 veterans into active duty service, partially offset by the 257,000 service personnel discharged from active duty.

The median age of all veterans in civilian life as of September 30, 1987 was 53.9 years.

Veterans 65 years of age or older totaled 6.0 million (or 1 of every 5 living veterans) at the end of September, 1986. Their numbers are expected to peak at 8.9 million in 1999, then decline to some 5.8 million by 2030. By the year 2000, approximately 3 of every 5 males 65 years of age or over will be veterans. By the end of fiscal year 1995, 1 of every 3 veterans will be 65 years old or older.

While the total number of male veterans continues to decline, the female veteran population is growing. Female veterans in the United States and Puerto Rico totaled 1,192,000 at the close of fiscal year 1987. By the year 2000, their numbers are expected to increase to 1,266,000.

Veterans Benefits

This country has historically provided the veterans of its wars and their survivors with certain aid and benefits in expression of gratitude for their sacrifices and hardships.

Programs available to veterans and their dependents or survivors (Office of Management and Budget function 700) are, for the most part, based on long traditions of compensating former servicepersons for hardships incurred in the course of military service. Most of the major programs discussed below are administered by

the Veterans' Administration in support of these former members of the armed services and their survivors and dependents.

Compensation.—Payment to veterans who have incurred disabilities in military service. Payments vary with the extent of disability and the amount of income foregone because of that disability. The severely disabled also receive fixed statutory awards and dependents' allowances. Dependency and indemnity compensation is paid to survivors of veterans who died from service-connected causes.

Pensions.—Payment to non-service-connected disabled and aged wartime veterans and their dependents or to their survivors if the recipients' income falls below certain levels.

Readjustment benefits.—Financial assistance for education, training and rehabilitation to veterans and to certain of their dependents or survivors.

Hospital and medical care.—Eligibility was revised by Public Law 99-272. Provided, usually in VA facilities, to service-connected disabled veterans, former prisoners of war, veterans exposed to Agent Orange and/or ionizing radiation, veteran pensioners, any other veterans who are unable to pay for the cost of care, as well as certain other veterans on a resource available basis. Dependents of 100 percent service-connected disabled veterans and survivors of veterans who died from a service-connected disability are provided care through an insurance program administered for the VA by the Department of Defense, the Civilian Health and Medical Program of the Veterans' Administration (CHAMPVA). The VA also operates programs such as research and health manpower training to support its medical care delivery system.

Other veterans' programs.—Include direct and guaranteed housing loans, life insurance and burial benefits.

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VETERANS' BENEFITS AND SERVICES AS A PART OF THE TOTAL FEDERAL BUDGET

The following table indicates total Federal outlays, veterans' benefits and services outlays (function 700) and the percentage for benefits and services for fiscal years 1977 through 1989.

TABLE 1. Total Federal Outlays and Veterans' Benefits and Services Outlays
Fiscal Years 1977-1989
(in millions of dollars)

Fiscal year	Total Federal outlays	Veterans' benefits and services	Veterans as percent of outlays
1977	$ 409,203	$18,038	4.4
1978	458,729	18,978	4.1
1979	503,464	19,931	4.0
1980	590,920	21,185	3.6
1981	678,209	22,991	3.4
1982	745,706	23,958	3.2
1983	808,327	24,846	3.1
1984	851,781	25,614	3.0
1985	946,316	26,292	2.8
1986	990,258	26,356	2.7
1987	1,004,586	26,782	2.7
1988 (est.)	1,055,904	27,748	2.6
1989 (est.)	1,094,215	29,573	2.7

The above table indicates that in 1977 the percentage of total Federal outlays spent on veterans' benefits and services was 4.4 percent. Since that time, there has been a general decrease with an estimate for fiscal year 1989 of 2.7 percent.

Source: Office of Management and Budget. Historical Tables. Budget of the United States Government. Fiscal Year 1989.

Federal outlays for veterans' benefits and services have increased only by a ratio of 3 to 1 compared to 299 to 1 for Social Security; 178 to 1 for health; 155 to 1 for education, training, employment and social services; 33 to 1 for income security; and 14 to 1 for Medicare.

TABLE 2. Federal Outlays for Human Resources Programs Selected Years 1950-1989 (in millions of dollars)

Fiscal year	Education, training, employment and social services	Health	Social security	Medicare a/	Income security	Veterans' benefits and services
1950	$ 241	$ 268	$ 781	$	$ 4,097	$ 8,834
1955	445	291	4,427		5,071	4,675
1960	968	795	11,602		7,378	5,441
1965	2,146	1,791	17,460		9,455	5,723
1970	8,634	5,907	30,270	6,213	15,645	8,679
1975	16,002	12,930	64,658	12,875	50,160	16,599
1980	31,843	23,169	118,547	32,090	86,540	21,185
1985	29,342	33,542	18,6235	65,822	128,200	26,292
1989 (est.)	37,362	47,771	233,769	84,015	135,573	29,573
Ratio of 1989 to 1950	155 to 1	178 to 1	299 to 1	14 to 1	33 to 1	3 to 1

a/ The Medicare program was enacted in 1965; this ratio is for 1989 to 1970.

Source: Office of Management and Budget. Historical Tables. Budget of the United States Government. Fiscal year 1989.

Federal spending for the health function and Medicare program is expected to total $131,486 million in FY 1989. The following table displays the total Federal outlays for health, Medicare and veterans' hospital and medical care, and the percentage attributable to veterans. There has been a steady decline of the percent of these Federal outlays attributed to veterans, from fiscal years 1977 to 1989.

TABLE 3. Federal Outlays for Health, Medicare and Veterans' Hospital and Medical Care, Fiscal Years 1977-1989
(in millions of dollars)

Fiscal year	Outlays for health a/	Outlays for Medicare	Outlays for veterans' hospital and medical care	Total	Veterans as percent of total
1977	$ 17,302	$ 19,345	$ 4,708	$ 41,355	11.4
1978	18,524	22,768	5,254	46,546	11.3
1979	20,494	26,495	5,611	52,609	10.7
1980	23,169	32,090	6,515	61,774	10.5
1981	26,866	39,149	6,965	72,980	9.5
1982	27,445	46,567	7,517	81,529	9.2
1983	28,641	52,588	8,272	89,501	9.2
1984	30,417	57,540	8,861	96,818	9.2
1985	33,542	65,822	9,547	108,911	8.8
1986	35,936	70,164	9,872	115,972	8.5
1987	39,968	75,120	10,266	125,354	8.2
1988 (est.)	44,479	78,857	10,828	134,164	8.1
1989 (est.)	47,471	84,015	11,012	142,498	7.7

a/ Outlays are from budget function 550, which does not include Medicare, Veterans' Administration or Defense Department spending for health care.

Source: Office of Management and Budget. Historical Tables. Budget of the United States Government. Fiscal Year 1989.

The following table provides Federal outlays for veterans benefits and services as a percent of Gross National Product (GNP) for fiscal years 1977-1989 (estimated). As a percentage of GNP, the cost of veterans' benefits and services has steadily declined, from 0.93 in 1977 to an estimated 0.59 in 1989.

TABLE 4. Federal Outlays for Veterans' Benefits and Services as a Percent of Gross National Product
Fiscal Years 1977-1989

Fiscal year	Percent of GNP
1977	0.93
1978	0.87
1979	0.81
1980	0.79
1981	0.77
1982	0.76
1983	0.75
1984	0.69
1985	0.67
1986	0.63
1987	0.60
1988 (est.)	0.59
1989 (est.)	0.59

Source: Office of Management and Budget. Historical Tables. Budget of the United States Government. Fiscal Year 1989.

BUDGET AUTHORITY

1980-1989

(dollars in millions)

Appropriation/Fund Account	Actual								Estimate	
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Federal funds:										
Current Budget Authority:										
Benefit programs:										
Compensation	$7,353.000	$8,529.783	$9,590.493	$9,565.916	$9,952.512	$10,232.458	$10,429.506	$10,504.963	$10,352.000	$10,749.100
Pensions	3,608.100	3,794.177	4,047.600	3,741.634	3,916.000	3,809.870	3,850.179	3,794.219	3,840.600	3,865.200
Burial benefits and miscellaneous assistance	185.700	207.684	140.057	122.250	128.388	132.572	129.314	123.318	141.687	144.800
Readjustment benefits	2,373.535	2,349.673	1,964.100	1,666.800	1,443.200	1,130.800	895.569	763.250	625.700	597.600
Veterans insurance and indemnities	5.400	5.406	9.350	6.400	7.400	11.000	9.745	4.770	14.290	9.220
Reinstated entitlement program for survivors	...	...	...	...	51.000	...	...	...	...	...
Veterans job training	...	...	...	...	130.000	...	35.000	30.000	...	...
Loan guaranty revolving fund	...	...	...	...	260.000	306.600	200.000	100.400	389.800	658.000
Vocational rehabilitation revolving fund	...	1.250	...	...	...	...	...	...	...	...
Total benefit programs	13,525.735	14,887.973	15,751.600	15,103.000	15,888.500	15,623.300	15,549.313	15,320.520	15,364.077	16,023.920
Medical programs:										
Medical care	5,832.039	6,339.396	7,101.028	7,773.254	8,244.414	8,941.159	9,130.137	9,728.203	10,119.657	10,327.546
Medical and prosthetic research	125.847	140.070	140.855	154.839	217.680	192.695	181.127	212.798	192.899	204.241
Medical administration and miscellaneous operating expenses	48.205	52.809	69.369	56.420	66.552	67.891	51.222	41.769	46.628	47.909
Grants for construction of State extended care facilities	7.500	15.000	15.840	18.000	18.000	34.500	20.822	42.400	40.370	42.000
Grants to the Republic of the Philippines	1.350	1.200	1.000	.500	.500	.500	.474	.500	.480	.500
Assistance for health manpower training institutions	...	...	...	...	...	...	...	...	...	...
Total medical programs	6,014.941	6,548.475	7,328.092	8,003.013	8,547.146	9,236.755	9,383.782	10,025.670	10,399.984	10,622.196
Construction programs:										
Construction, major projects	321.292	261.614	372.270	670.792	345.692	568.194	485.544	382.708	402.884	367.755
Construction, minor projects	73.233	108.908	102.010	141.748	185.378	199.823	95.077	80.000	115.342	123.881
Parking garage revolving fund	...	...	...	...	...	...	...	26.000	3.936	9.400
Total construction programs	394.525	370.522	474.280	812.540	531.070	768.017	580.621	488.708	522.762	500.636
General operating expenses and Misc.										
General operating expenses	611.609	643.251	662.057	690.152	715.676	753.954	713.819	770.500	774.810	771.316
Grants for the construction of State veterans cemeteries	5.000	5.000	...	2.500	3.000	5.400	2.839	...	...	9.000
Total general operating expenses & miscellaneous	616.609	648.251	662.057	692.652	718.676	758.954	716.658	770.500	774.810	780.316

BUDGET AUTHORITY
1980-1989
(dollars in millions)

Appropriation/Fund Account	Actual								Estimate	
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Federal funds (continued):										
Total appropriations (adjusted)	20,551.810	22,455.221	24,216.029	24,611.205	25,685.392	26,387.026	26,230.374	26,605.398	27,061.633	27,927.068
Proposed legislation:										
Compensation	...	...	...	...	...	...	...	...	...	360.900
Burial benefits	...	...	...	...	...	...	...	...	...	-4.350
Veterans insurance & indemnities	...	...	...	...	...	...	...	...	...	4.250
Medical care	...	...	...	...	...	...	...	...	...	23.999
Credit Reform:										
Loan guaranty revolving fund	...	...	...	...	...	...	...	...	...	-246.500
Loan guaranty revolving fund subsidies	...	...	...	...	...	...	...	...	...	1,337.100
Direct loan revolving fund subsidies	...	...	...	...	...	...	...	...	...	.150
Vocational rehabilitation revolving fund subsidies	...	...	...	...	...	...	...	...	...	.100
Total proposed legislation	...	...	...	...	...	...	...	...	...	1,475.649
Deduct: Proprietary receipts from the public	-2.450	-2.942	-3.476	-77.510	-59.079	...	-113.253	-228.546	-323.000	-348.000
Permanent Budget Authority:										
Loan guaranty revolving fund	...	...	...	...	...	...	...	...	365.700	...
Total federal funds	20,549.360	22,452.279	24,212.553	24,533.695	25,626.322	26,387.026	26,117.121	26,376.852	27,104.333	29,054.717
Trust funds:										
Post-vietnam era veterans education account	111.302	142.245	161.057	222.315	224.776	290.399	323.875	233.106	241.400	167.255
General post fund	7.414	7.707	9.942	10.667	13.447	11.521	13.996	21.431	22.000	22.500
National service life insurance	1,044.166	1,104.104	1,163.633	1,202.072	1,248.781	1,304.888	1,367.013	1,390.514	1,421.200	1,425.500
U.S Government life insurance	37.968	34.152	31.209	26.268	23.279	21.556	19.644	17.552	15.880	14.070
Total trust funds (gross)	1,200.850	1,288.208	1,365.841	1,461.322	1,510.283	1,628.364	1,724.528	1,662.603	1,700.480	1,629.325
Deduct: Proprietary receipts from the public	-572.587	-600.967	-612.103	-605.105	-617.028	-636.704	-650.226	-588.813	-514.015	-443.630
Total trust funds (net)	628.263	687.241	753.738	856.217	893.255	991.660	1,074.302	1,073.790	1,186.465	1,185.695
Deduct: Intragovernmental transactions	-3.014	-6.640	-21.521	-65.911	-51.008	-80.412	-116.350	-87.977	-161.377	-143.206
Total Veterans Administration	$21,174.609	$23,132.880	$24,944.770	$25,324.001	$26,468.569	$27,298.274	$27,075.073	$27,362.665	$28,129.421	$30,097.206

BUDGET OUTLAYS
1980-1989
(dollars in millions)

Appropriation/Fund Account	Actual								Estimate	
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Federal funds										
Benefit programs:										
Compensation	$7,433.501	$8,425.760	$9,276.429	$9,843.853	$9,915.741	$10,243.044	$10,416.201	$10,502.353	$10,357.900	$10,671.000
Pensions	3,585.368	3,755.107	3,879.396	3,893.900	3,874.220	3,841.865	3,874.368	3,793.200	3,835.800	3,863.600
Burial benefits and miscellanous assistance	183.213	208.135	140.060	122.250	128.388	132.572	121.909	130.730	141.688	144.800
Readjustment benefits	2,416.976	2,332.121	2,005.365	1,713.702	1,408.267	1,173.667	918.056	776.401	654.100	606.100
Veterans insurance and indemnities	3.919	8.714	9.255	6.629	7.167	10.916	9.936	4.856	14.290	9.220
Reinstated entitlement program for survivors	...	...	...	...	44.802	-15.326	9.856	-2.845	8.034	...
Veterans' job training	...	...	...	...	17.078	68.838	34.192	38.005	31.737	4.651
Loan guaranty revolving fund	27.557	277.820	183.027	239.268	369.847	278.462	162.769	382.059	568.100	683.000
Direct loan revolving fund	-67.154	-128.274	-62.266	-139.764	-44.573	-40.675	-28.669	-33.064	-67.000	-26.800
Service-disabled veterans insurance fund	2.789	-.485	-2.563	.432	-.395	-3.168	-2.533	1.984	-1.961	4.105
Veterans reopened insurance fund	-17.227	-13.778	-18.659	-22.475	-15.864	11.417	40.123	-7.580	-5.640	-2.700
Education loan fund	3.338	.987	-5.187	-6.577	-6.780	-6.325	-6.248	-9.871	-7.928	-5.840
Vocational rehabilitation revolving fund	.008	-.037	.059	-.021	.024	-.041	-.061	-.012	.008	.008
Servicemen's group life insurance fund	-.146	.118	-39.998	-39.751	-27.010	-19.750	-5.726	-12.879	-11.420	-11.490
Total benefit programs	13,572.142	14,866.188	15,364.918	15,611.446	15,670.912	15,675.496	15,544.173	15,563.337	15,517.708	15,939.654
Medical programs:										
Medical care	5,981.288	6,320.088	6,851.668	7,602.087	8,123.794	8,721.690	9,095.306	9,499.750	10,083.229	10,296.229
Medical and prosthetic research	130.912	135.288	135.258	151.583	186.289	215.124	181.246	195.123	208.703	202.154
Medical administration and miscellaneous operating expenses	50.052	49.461	51.546	58.365	64.581	65.571	54.780	40.265	43.463	46.956
Grants for construction of State extended care facilities	14.223	9.002	15.253	13.612	5.154	20.364	16.684	26.046	33.137	35.651
Grants to the Republic of the Philippines	1.330	1.202	182	.353	.454	.339	.562	.268	.580	.530
Assistance for health manpower training institutions	42.406	47.175	34.377	17.467	5.252	2.171	.986	.191	.393	...
Construction and operation of garage and parking facilities	-.122	-.134	.080	.176	...	...	...	...	...	...
Canteen service revolving fund	-.887	-1.632	-.803	-5.333	1.224	-11.027	1.579	-3.246	.735	.371
Special therapeutic and rehabilitation activities fund	-.191	-.048	-.175	-.010	-.072	-.112	.059	.017	-.010	-.010
Consolidated working fund	1.369	...	...	...	...	...	...	...	...	...
Total medical programs	6,220.380	6,560.402	7,087.386	7,838.300	8,386.676	9,014.120	9,351.202	9,758.414	10,370.230	10,581.881
Construction programs:										
Construction, major projects	189.506	307.558	345.323	337.782	352.805	397.966	389.509	376.207	441.391	413.109
Construction, minor projects	105.168	95.773	83.355	90.872	122.663	123.512	132.877	158.571	127.369	123.769
Parking garage revolving fund	...	...	...	...	...	...	...	2.378	2.553	7.945
Total construction programs	294.674	403.331	428.678	428.654	475.468	521.478	522.386	537.156	571.313	544.823

BUDGET OUTLAYS
1980-1989
(dollars in millions)

Appropriation/Fund Account	Actual								Estimate	
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Federal funds (Continued):										
General operating expenses and misc.										
General operating expenses	629.972	624.133	649.939	673.710	704.093	724.018	729.522	720.224	800.924	771.596
Grants for the construction of State veterans cemeteries	.234	.674	.861	1.593	.849	.534	3.710	1.185	2.164	5.000
Supply fund	-4.249	-.841	-11.511	-22.376	-9.477	-14.543	17.460	-23.338	...	...
Total general operating expenses & misc	625.957	623.966	639.289	652.927	695.465	710.089	750.692	698.071	803.088	776.596
Total appropriations and funds	20,713.153	22,453.887	23,520.271	24,531.327	25,228.521	25,921.133	26,168.453	26,556.978	27,262.339	27,842.954
Proposed legislation:										
Compensation	...	...	...	...	...	...	...	...	...	324.800
Burial benefits	...	...	...	...	...	...	...	...	...	-4.350
Veterans insurance and indemnities	...	...	...	...	...	...	...	...	...	4.250
Education Loan	...	...	...	...	...	...	...	...	...	-.017
Medical care	...	...	...	...	...	...	...	...	...	23.999
Credit Reform:										
Loan guaranty revolving fund	...	...	...	...	...	...	...	...	...	-246.500
Loan guaranty revolving fund subsidies	...	...	...	...	...	...	...	...	...	1,127.800
Direct loan revolving fund	...	...	...	...	...	...	...	...	...	-1.300
Direct loan revolving fund subsidies	...	...	...	...	...	...	...	...	...	.126
Vocational rehab revolving fund	...	...	...	...	...	...	...	...	...	-.302
Vocational rehab revolving fund subsidies	...	...	...	...	...	...	...	...	...	.100
Total proposed legislation	...	...	...	...	...	...	...	...	...	1,228.606
Deduct: Proprietary receipts from the public	-2.450	-2.942	-3.476	-77.510	-59.070	...	-113.253	-228.546	-323.000	-348.000
Total federal funds	20,710.703	22,450.945	23,516.795	24,453.817	24,169.451	25,921.133	26,055.200	26,328.432	26,939.339	28,723.560
Trust funds:										
Post-vietnam era veterans education account	32.653	62.777	107.453	140.329	155.996	182.458	225.251	283.607	300.200	256.200
General post fund	6.186	6.887	7.641	9.449	10.479	11.400	11.844	20.617	21.000	21.500
National service life insurance	928.228	965.147	925.291	890.928	922.003	955.965	1,037.408	1,034.060	1,077.220	1,132.190
U.S. Government life insurance	76.683	70.048	64.332	59.851	51.879	45.698	44.739	40.325	38.240	35.090
Veterans special life insurance	-44.317	-44.194	-50.510	-56.486	-57.992	-66.823	-72.156	-78.213	-77.440	-75.700
Total trust funds (gross)	999.433	1,060.665	1,054.207	1,044.071	1,082.365	1,128.698	1,247.086	1,300.396	1,359.220	1,369.280
Deduct: Proprietary receipts from the public	-572.587	-600.967	-612.103	-605.105	-617.028	-636.704	-650.226	-588.813	-514.015	-443.630
Total trust funds (net)	426.846	459.698	442.104	438.966	465.337	491.994	596.860	711.583	845.205	925.650
Deduct: Intragovernmental transactions	-3.014	-6.640	-21.521	-65.911	-51.008	-80.412	-116.350	-87.977	-161.377	-143.206
Total Veterans Administration	$21,134.535	$22,904.003	$23,937.378	$24,826.872	$25,583.780	$26,332.715	$26,535.710	$26,952.038	$27,623.167	$29,506.004